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Legislative Audit Division

State of Montana

Report to the Legislature

March 2005

Performance Audit

Montana Youth Challenge Program

Department of Military Affairs

This report provides findings and recommendations developed as a result of a performance audit of the Montana Youth Challenge Program. Findings and recommendations address the following areas:

- Administration of the educational component of the program.
- Cadet and mentor eligibility documentation requirements.
- Analysis of American Indian attrition rates.
- Analysis of long-term outcome data.
- Legislation to provide operational guidance.

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March 2005

The Legislative Audit Committee
of the Montana State Legislature:

This is our performance audit of the Montana Youth Challenge Program (MYCP), a program administered by the Department of Military Affairs. This report provides information to the legislature on MYCP operations, including administration, recruitment and program outcomes. This report also addresses the need for legislative authorization and guidance for MYCP. A written response from the Department of Military Affairs is included at the end of the report.

We wish to express our appreciation to MYCP and Department of Military Affairs staff for their cooperation and assistance during the audit.

Respectfully submitted,

Scott A. Seacat
Legislative Auditor

Room 160, State Capitol Building PO Box 201705 Helena, MT 59620-1705
Phone (406) 444-3122 FAX (406) 444-9784 E-Mail lad@state.mt.us

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Legislative Audit Division

Performance Audit

Montana Youth Challenge Program

Department of Military Affairs

Members of the audit staff involved in this audit were Lisa Blanford, Bridget Butler, and Angus K. Maciver.

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Appointed and Administrative Officials

Department of Military Affairs	Randall Mosley, Adjutant General Karen Revious, Administrator, Centralized Services Division
Montana Youth Challenge Program	Reid Lund, Director Jan Rouse, Deputy Director

Introduction

The Montana Youth Challenge Program (MYCP) was established in September 1999 to target youth with at-risk behaviors such as violence, alcohol and drug abuse, and criminal behavior. High school dropouts aged 16 – 18 years are targeted as at-risk youth. MYCP is a 22-week residential program in Dillon, Montana, followed by a 12-month community-based mentoring program. The Challenge program was established by the U.S. Congress in 1992 and has been adopted by approximately half of the states. The Department of Defense National Guard Bureau (NGB) is responsible for leading the program at the federal level. Montana's program is administered through the Department of Military Affairs.

Background

MYCP attempts to prevent, rather than treat, destructive behaviors. Challenge participation is voluntary and applicants must meet certain eligibility requirements, including being drug-free, not having previous felony convictions, and not being involved in ongoing court actions. MYCP strives to recruit approximately 100 cadets for each of the two classes held during the year (starting either in January or June). Since 1999, MYCP has graduated eleven classes and a total of 852 cadets (28 percent of cadets enrolled in the residential phase of the program have not graduated).

Program Administration

We identified three major administrative components for the Montana Youth Challenge Program (MYCP): funding, staffing and education. Our audit objective in relation to program administration was to determine how these components impact program effectiveness and successful attainment of goals and objectives.

Funding

MYCP operates with an annual budget of approximately $2.8 million. Program funding is based on an annual target enrollment. The National Guard Bureau (NGB) established a funding mechanism based on an estimated cost per student of $14,000 a year and a target enrollment of 200 students per year; therefore Montana's program is funded at $2.8 million annually. We calculated program cost per day for the residential portion of MYCP. Based on average expenditures for fiscal years 2003 and 2004, the cost of a student to attend MYCP

is approximately $93 per day. The MYCP cost per day is relatively low when compared to other programs for at-risk youth.

Staffing

MYCP is authorized for 47 FTE positions, including management and administrative staff, teaching staff, counseling and health care staff, and cadre staff (responsible for supervision and physical training). The federal government defines the number of required staff for Challenge programs through use of the Manning Model, which sets a minimum of 43 and a maximum of 48 staff positions. The MYCP student/teacher ratio is the highest of the comparable programs we examined, but federal guidelines do not provide the latitude to make adjustments in the number of teachers employed.

Education Program

U.S. Code specifies the Youth Challenge program will teach eight core educational components and that every graduate will attain 80 percent proficiency in each area. The eight core components are:

- Academics (GED attainment)
- Leadership development
- Promoting fellowship
- Service to the community
- Life coping skills
- Job skills
- Physical fitness
- Health and hygiene.

The program employs five state-certified teachers. The four main subjects taught each day are: English, math, social studies, and science. MYCP works in conjunction with Jobs for Montana Graduates (JMG) to develop curriculum to meet the federal requirements of teaching the eight core components. Students are allowed to take the GED twice during the residential phase of the program. MYCP's goal is to achieve better than a 68 percent GED success rate. It achieves this goal with a current GED success rate of 71 percent of enrolled cadets and 97 percent of graduated cadets. In most areas, MYCP either meets or exceeds the educational targets established by itself and the NGB.

Recruitment

Every six months, MYCP must identify a sufficient number of recruits to meet the class capacity of the Dillon facilities (100 cadets). The program maintains a year-round recruitment effort using two FTE positions. At the national level, all state programs follow similar procedures during recruitment, including the enforcement of standard eligibility requirements and use of Pre-Challenge to screen and select applicants.

MYCP Should Improve Documentation of Eligibility Review

Applicants must meet ten eligibility requirements to be accepted to the program. Program staff review information in the application form to establish eligibility. Although MYCP generally ensures applicants meet established eligibility requirements, our file review indicated examples where determining compliance with requirements is difficult. Specifically, we identified examples of applicants who did not appear to meet age requirements or whose criminal conviction history was unclear. The program needs to improve the documentation of eligibility decisions by ensuring any documents or attachments used in support of an eligibility decision are retained.

Representation of Montana's At-Risk Youth

MYCP targets its recruitment efforts at the state's high school drop outs. To determine how well MYCP targets this population, we obtained data from the program showing the demographic characteristics of recruits and compared this with data showing the characteristics of the state's at-risk population of high school drop outs. We also compared the demographic characteristics of MYCP recruits with NGB data for Challenge programs in other states.

Gender and Racial Ethnicity of MYCP Recruits

Females constitute 45 percent of all Montana high school dropouts, but only 25 percent of MYCP participants. The military-style environment at the program serves to attract more males than females. However, Montana's program does reasonably well in recruitment of females when compared with other state Challenge programs (the national average for female recruits is 19 percent).

Overall, there do not appear to be any significant problems in the representation of different ethnic groups in MYCP recruitment data.

For the state's largest ethnic minority, American Indians, the program appears to be recruiting numbers reflecting this groups' reported high school drop out rate.

Improvements in Analysis of Recruitment Data Needed

Around 2,000 students drop out of Montana's high schools every year, but analysis of the data shows drop out rates are higher in some high school districts as compared to others. MYCP does not currently use analysis of high school district drop out data to determine recruitment needs. Some disparities do exist in the geographic distribution of program applicants based on high school district drop out rates. The program could improve its recruitment effort by targeting resources based on high school district drop out rates.

Outcomes

MYCP attempts to measure success in both the residential and post-residential program phases. Short-term outcomes relate primarily to the program's success in graduating cadets at the end of the residential phase. Medium-term outcomes are assessed for the post-residential phase and include the employment and educational attainment of program graduates. Analysis of long-term outcomes includes discussion of employment and criminal history data for program participants.

Program Participation and Graduation

MYCP enforces rules of conduct and discipline, which can result in cadets being dismissed during the residential phase. The gradual loss of participants through the residential phase is referred to as the program's attrition rate. In percentage terms, 73 percent of applicants to the program are registered for Pre-Challenge. Eighty percent of participants in Pre-Challenge are selected to continue in the residential phase of the program. For those enrolled in the residential phase of the program, around 72 percent will complete the five month course and graduate.

MYCP Should Investigate American Indian Attrition Rates

Analysis of the racial ethnicity of program participants at different stages of Challenge showed one significant trend in attrition rates. As the program progresses through different phases, American Indian cadets are more likely to leave or be dismissed from MYCP as compared with other ethnic groups. Although 33 percent of

program applicants are American Indians, this ethnic group constitutes only 22 percent of the graduating class. Obtaining and analyzing data relating to American Indian participants could identify areas for improvement and allow the program to successfully serve more members of this group. Increasing the number of American Indian graduates would also allow MYCP to increase its graduation rate.

Post-Residential and Mentoring Phase

During the 12-month post-residential phase, the graduate transitions back into the community from the structured residential portion. This is accomplished with the guidance of a mentor. Mentors are chosen by the student and approved by MYCP.

Improvements Needed in Documentation of Mentor Screening Requirements

MYCP is required to perform a criminal history background check for all potential mentors. Review of program files indicated the majority of files sampled contained documentation that a background check and references were used in the screening process. However, 13 percent of files did not have this documentation. Discussions with staff and our observations indicate that background checks and references are conducted on all potential mentors. The department should ensure MYCP adequately documents completion of all background checks.

Post-Residential Outcomes

Challenge defines a positive program outcome as placing a graduate either in an educational program, full or part-time employment, working for a voluntary or charitable organization, or serving in the military. Review of available data identified the following trends in outcomes:

- Military Service – around one quarter of MYCP graduates go on to serve in the military.
- Education and Employment – Approximately one half of all MYCP graduates continue their education or enter the workforce after leaving the program.
- No Placement or Unknown – the remaining one quarter of graduates have either not been placed or the program has lost contact with the individuals.

Long-Term Outcome Data

As another means of assessing program outcomes, analysis of data from other state agencies can provide independent verification of the long-term impacts from MYCP participation. We obtained data showing quarterly wages and unemployment claims, and criminal conviction histories for MYCP participants.

Quarterly Wage and Unemployment Data

Data showing quarterly wages and claims for unemployment insurance benefits is collected by the Department of Labor and Industry. There is a trend pointing to the success of the program in increasing the employment and earnings potential of graduates. On average, MYCP graduates earn around $220 more per quarter when compared with applicants rejected by the program, and almost twice as much as individuals who do not complete the residential phase. MYCP graduates have improved employment prospects compared with program participants who do not graduate.

Criminal Conviction History

The Department of Justice (DOJ) collects information on all criminal convictions recorded in Montana. We used DOJ data to determine if the program was successful in keeping at-risk youth out of the justice system. Eight percent of MYCP graduates have committed misdemeanor offenses and three percent have committed felony offenses since they left the program. When compared with rejected applicants and cadets terminated during the residential phase, MYCP graduates are less likely to commit crimes. MYCP graduates have fewer criminal convictions compared with program participants who do not graduate.

MYCP Could Improve Outcome Data Collection and Analysis

Programs like Challenge will encounter problems in collecting valid data on long-term outcomes and measures of success because contact with cadets cannot always be maintained beyond 12 months. This is often most difficult for negative outcomes, including unemployment and criminality. Program staff have indicated there are already some attempts underway to obtain data on long-term outcomes for graduates. These efforts should be continued so the program can provide the department and the legislature with valid and reliable indicators of program outcomes.

Legislative Guidance

MYCP currently has no basis in Montana statute, aside from its inclusion in the Department of Military Affairs biennial budgetary appropriation under House Bill 2. The HB 2 appropriation provides authority for the department to fund and manage the program on an ongoing basis. MYCP is not referenced in the Montana Code Annotated and the department has no statutory authority to adopt administrative rules governing the program.

Legislature Should Provide Statutory Guidance for MYCP

During the course of the audit, we identified several different program administrative or operational areas where guidance from the legislature could benefit MYCP. Some examples of these situations include:

- Treatment of applicants with criminal convictions.
- Equitable representation of different genders, ethnic groups and locations in recruitment.
- Defining high school drop out status and coordinating services with schools.
- Establishing state residency requirements.
- Determining if MYCP should meet state educational accreditation standards.
- Coordinating programs and resources with other state programs for at-risk youth.

MYCP has now been operating for over five years. As the program has developed, it has established its position relative to the state's other resources and programs for at-risk youth. The program is now at the point where further legislative involvement could provide clarification of existing policy and specific direction for the future. Establishing MYCP in Montana statute could provide benefits for program operations and could also benefit the state through improved coordination of resources for at-risk youth.

Chapter I - Introduction and Background

Introduction

The Montana Youth Challenge Program (MYCP) was established in September 1999 to target youth with at-risk behaviors such as violence, alcohol and drug abuse, and criminal behavior. High school dropouts aged 16 – 18 years are targeted as at-risk youth. MYCP is a 22-week residential program in Dillon, Montana, followed by a 12-month community-based mentoring program. During the residential phase of the program, Challenge cadets attend educational and life skills classes, take part in physical training, perform community service, and are required to live within a highly structured, quasi-military environment. Following graduation from the program, the progress of cadets is monitored through mentoring relationships. Challenge mentors are adults from the cadets' communities who are available to advise and guide program graduates as they continue with their lives.

The Challenge program was established by Congress in 1992 and has been adopted by approximately half of the states. The Department of Defense National Guard Bureau (NGB) is responsible for leading the program at the federal level. Montana's program is administered through the Department of Military Affairs. Congress appropriates funds for the program and states are required to provide matching funds at a 60/40 federal to state ratio.

Background Information

Challenge is designed as an intervention program. The program focuses on at-risk youth and attempts to prevent, rather than treat, destructive behaviors. Challenge participation is voluntary and applicants must meet certain eligibility requirements, including being drug-free, not having previous felony convictions, and not being involved in ongoing court actions. Applicants also have to have either dropped out of school or intend to drop out. Successful applicants are invited to attend a 2-week Pre-Challenge course at Fort Harrison in Helena. Pre-Challenge allows applicants an opportunity to prove their ability to succeed in the program.

Program Participation

Following Pre-Challenge, selected cadets go to Dillon for the beginning of the 20-week residential phase. MYCP strives to recruit

approximately 100 cadets for each of the two classes held during the year (starting either in January or June). During the residential phase cadets can leave or be terminated from the program. Since 1999, MYCP has graduated eleven classes and a total of 852 cadets (28 percent of cadets enrolled in the residential phase of the program have not graduated).

Program Facilities and Resources

MYCP is housed on the campus of the University of Montana – Western in Dillon. Cadets stay in dormitory-style accommodations. Classes and other activities are conducted within the MYCP buildings or in other buildings on campus. Because MYCP is a voluntary program, the Dillon facility is not a secured or lock-down environment. However, during the residential phase, cadets reside in the designated facilities and are supervised 24 hours a day, seven days a week.

MYCP operates with an annual budget of approximately $2.8 million. The program is authorized 47 FTE positions, including management and administrative staff, teaching staff, counseling and health care staff, and cadre staff (responsible for supervision and physical training). Funding resources have remained unchanged since the program's inception in 1999. Staff resources have adjusted to meet federal requirements.

Federal Government Administration of Challenge

Statutory authorization for the Challenge program is found in United States Code, Title 32, Chapter 5 (National Guard), Section 509. Federal law outlines the program's purpose, annual appropriations to fund Challenge, relationships between the Department of Defense and states administering the program, eligibility requirements for participants, rules governing use of military facilities, and program reporting requirements.

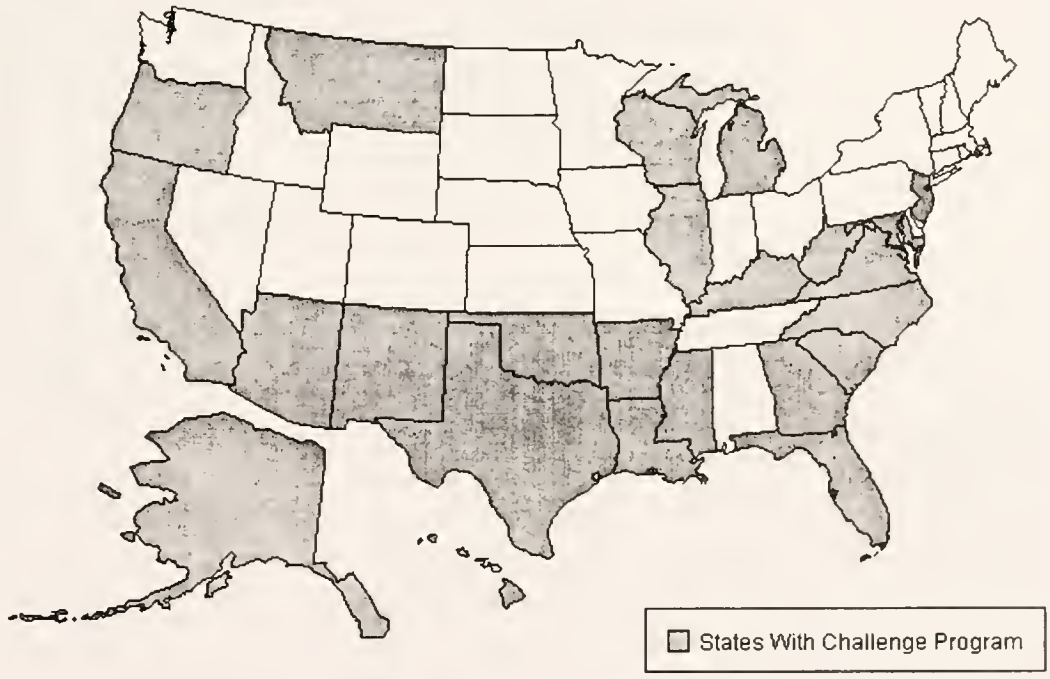
States administering Challenge programs enter into cooperative agreements with NGB on an annual basis. As part of cooperative agreements, states outline program budgets, activities, outcomes and other information in an annual state plan. Cooperative agreements also outline certain program requirements and operations mandated

by the federal government. To date, the federal government has cooperative agreements with 24 states and the District of Columbia to administer Challenge programs. State Challenge programs are required to regularly report program data to the NGB using the federal Data Management and Reporting System (DMARS.) The federal government also exercises oversight of Challenge through regular audits conducted by the United States Property and Fiscal Office, and through annual management reviews conducted by a private consulting firm.

The following figure shows the states currently administering Challenge programs.

Figure 1

States Administering Challenge Programs



Source: Compiled by Legislative Audit Division from program records.

Federal law requires the Secretary of Defense to enter into cooperative agreements with the Adjutant General and Governor of

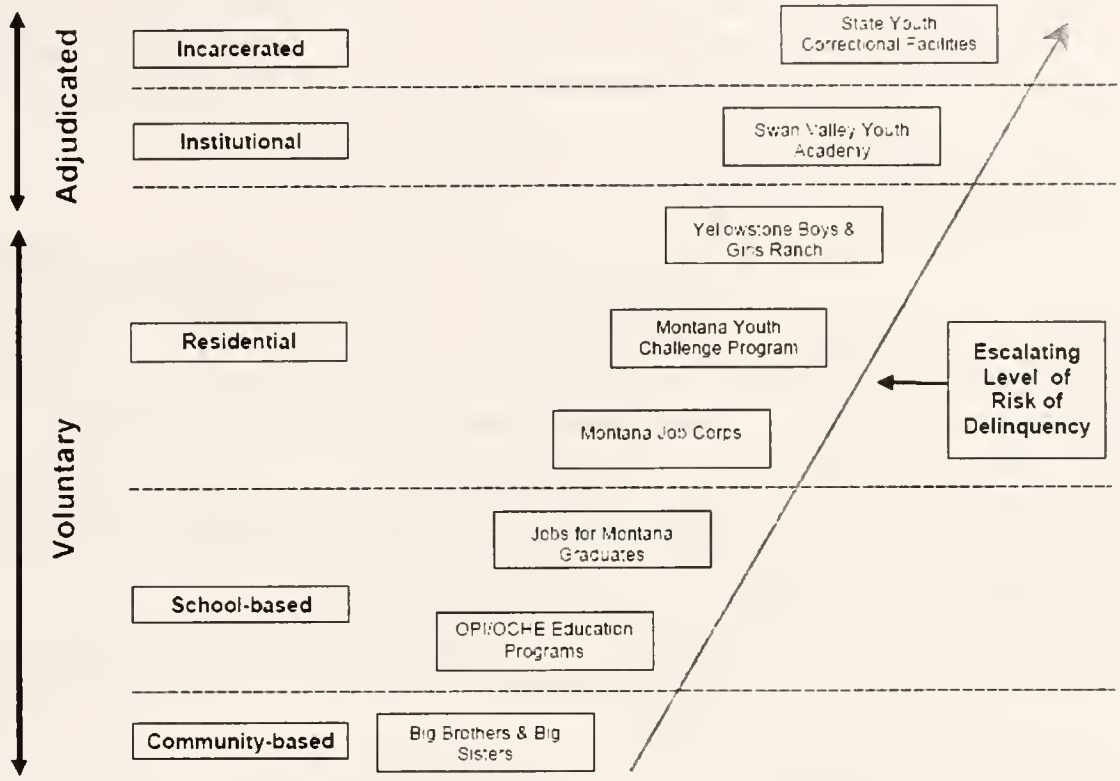
the state administering the program. For this reason, MYCP is administered through the Department of Military Affairs, even though most other programs and services for at-risk youth are administered through other departments.

State Government Resources for At-Risk Youth

MYCP is only one of the services state government provides for at-risk youth. A variety of different programs and resources are devoted to improving the employment and life opportunities of youth who are dropping out of school or exhibiting criminal behavior. The rationale behind these programs is to intervene before behaviors escalate to the point where the youth is formally adjudicated by the justice system. Resources for at-risk youth include both community or school-based programs and residential programs. Although many of the available resources and programs are provided by state or local governments, charitable and voluntary organizations in the private sector also provide services. The following figure illustrates examples of the range of government and privately run programs and resources available for at-risk youth and shows the relationship of MYCP to other services.

Figure 2

Programs and Resources for At-Risk Youth



Source: Compiled by Legislative Audit Division from program records.

As shown in the figure, MYCP is a voluntary, residential program aimed at youth who are yet to reach the point of adjudication in the juvenile justice system. MYCP differs from school-based programs, such as Jobs for Montana Graduates, because it is residential and the targeted youth are comparatively more at-risk. The program differs from the Swan Valley Youth Academy because individuals attend MYCP on a voluntary basis and not as a result of a court order. As the general level of risk of delinquency escalates, it becomes more likely youths will be adjudicated and placed in more supervised and potentially more secure environments.

Audit Objectives

The Legislative Audit Committee prioritized a performance audit of MYCP for the 2005 biennium. Guidance received from the committee indicated there were several areas of interest in relation to MYCP including recruitment practices, educational curriculum, participation and graduation rates, coordination with other agencies, and the program's means of measuring success and long-term outcomes. In response to these questions, we developed the following three main audit objectives:

1) How do selected program components (funding, staffing, and curriculum) impact or affect program effectiveness and successful attainment of goals and objectives?

2) Do MYCP recruitment and selection procedures ensure representation of the state's at-risk youth population?

3) How does MYCP utilize outcome-based data to measure success, and does this provide an accurate and verifiable means for evaluating overall program effectiveness?

Audit Approach

Further information on audit scope and scope exclusions, and specific methodologies related to audit objectives are contained in Appendix A.

Chapter II- Program Administration

Introduction

We identified three major administrative components for the Montana Youth Challenge Program (MYCP): funding, staffing and education. Our audit objective in relation to program administration was to determine how these components impact program effectiveness and successful attainment of goals and objectives. To address this objective, we spoke with staff about procedures and policies in the applicable areas, reviewed relevant documentation and analyzed data from MYCP and other sources. Findings and conclusions pertaining to program administration are outlined below.

Funding

Legislative Fiscal Division Reports show MYCP was included as a new proposal within the Department of Military Affairs budget for the first two biennia of its existence. For the 2003 and 2005 biennia, MYCP is included as a line item in Department of Military Affairs budget. Challenge programs are funded through a 60/40 federal/state match. The state of Montana funds this program out of the General Fund with approximately $1.1 million annually. Federal special revenues provide approximately $1.7 million for a total budget amount of $2.8 million a year.

Program funding is based on an annual target enrollment. The National Guard Bureau (NGB) established a funding mechanism based on an estimated cost per student of $14,000 a year. The program's funding is based on this amount. For example, Montana uses an annual target enrollment of 200 students per year; therefore Montana's program is funded at $2.8 million annually. Other states' target enrollment numbers for the Challenge program vary. The table below illustrates the variance among state annual target enrollments.

Table 1

Annual Target Enrollments for Challenge Programs

State	Enrollment	State	Enrollment
Alaska	250	Mississippi	400
Arkansas	200	**Montana**	**200**
Arizona	200	New Jersey	200
California	200	New Mexico	200
Florida	200	North Carolina	202
Georgia	600	Oklahoma	250
Hawaii	200	Oregon	200
Illinois	732	South Carolina	352
Kentucky	200	Texas	200
Louisiana	850	Virginia	178
Maryland	140	West Virginia	200
Michigan	200	Wisconsin	219

Source: Compiled by the Legislative Audit Division from National Guard Bureau records.

Annual target enrollments are not based on state population. Challenge programs are initially funded for a target enrollment of 200 cadets (100 per class.) If a state can support a larger enrollment, it is not limited to 200 cadets a year. Montana's program uses a target enrollment of 200 cadets a year. For the past eleven classes, MYCP has enrolled an average of 107 cadets per class and graduated an average of 77 cadets per class. Despite variations in enrollment and graduation numbers, MYCP receives exactly the same funding allocation from the federal government. The table below shows MYCP expenditures for fiscal years 2003 and 2004.

Table 2

Montana Youth Challenge Program Expenditures
Fiscal Year 2003 & Fiscal Year 2004

Expenditure Category		FY 2003	FY 2004
Personal Services	Salaries	$1,237,709	$1,241,308
	Employee Benefits	$ 373,914	$ 432,639
	Total Personal Services	**$1,611,623**	**$1,673,947**
Operating Expenses	Other Services	$ 527,111	$ 532,984
	Supplies and Materials	$ 130,954	$ 82,393
	Communications	$ 62,711	$ 49,268
	Travel	$ 84,347	$ 75,149
	Rent	$ 272,005	$ 275,068
	Repair and Maintenance	$ 20,076	$ 17,270
	Other Expenses	$ 34,781	$ 33,119
	Utilities	$ 613	$ 613
	Total Operating	**$1,132,598**	**$1,065,864**
Total Annual Expenditures		**$2,744,222**	**$2,739,811**

Source: Compiled by the Legislative Audit Division from SABHRS data.

Changes in Funding

When the Challenge program began it was funded through a 75/25 federal to state match. Since that time, ratios have changed to a 60/40 split. Throughout the Challenge program's existence, the funding formula of $14,000 per cadet has not changed. For the past six years MYCP received $2.8 million annually for the 200 students they serve. All programs incur inflationary costs and it is an additional expense that must be considered. However, Congress has not provided any additional funds for inflationary expenses. Congress recently provided the National Guard Bureau with an additional $7 million through the Department of Defense

Appropriations Bill in December 2004. These monies we will be prioritized to Challenge programs in high cost states where cadet costs are greater than $14,000 and to programs that want to expand their enrollment totals. Funds will also be considered for any state wishing to implement a new Challenge program. MYCP is unlikely to receive significant additional funding as the program is not in a position to expand enrollment or implement a new Challenge program, nor are costs per cadet above the standard $14,000.

Analysis of Program Cost Per Day

We calculated program cost per day for the residential portion of MYCP. The per day cost was calculated using 308 days and the program's average daily population (93 cadets). The residential phase of the program consists of 154 days and there are two classes a year for a total of 308 days. Based on average expenditures for fiscal years 2003 and 2004, the cost of a student to attend MYCP is approximately $93 per day. The MYCP cost per day is relatively low when compared to other programs for at-risk youth. For comparative purposes, we looked at five other programs in Montana that target at-risk youth. None of theses programs are exactly alike. Each one serves a different niche of at-risk students, but all five have certain components which are similar and comparative in nature. The following list provides information on the programs we examined:

- Pine Hills and Riverside Correctional facilities, the male and female state youth correctional facilities.
- The Yellowstone Boys and Girls Ranch, a private facility that provides clinical, psychiatric, residential treatment, group homes and community based services.
- Swan Valley Youth Academy, a private, residential boot camp facility for adjudicated youth. Judicial district youth courts frequently utilize this program for the adjudicated youth in their care.
- Montana Job Corp, an education and vocational training program administered through the US Department of Labor.

The following table illustrates a comparative, per student per-day cost for each of the above-mentioned programs. Montana public schools are included as a baseline comparison.

Table 3

Per-student Per-day Costs for Selected Programs

Institution	Per-student Per-day Cost
Montana Public Schools	$29.83
Montana Job Corp	$81.00
Montana Youth Challenge Program*	$93.00
Swan Valley Youth Academy	$158.00
Pine Hills Youth Correctional Facility	$172.16
Riverside Youth Correctional Facility	$227.57
Yellowstone Boys and Girls Ranch	$300.00

* The post residential portion of MYCP was not factored into these calculations because a majority of program expenses are incurred during the residential portion.

Source: Compiled by the Legislative Audit Division from Department of Military Affairs, Department of Corrections, Office of Public Instruction and other record sources.

Although services provided are not identical to comparative programs, MYCP provides a lower-cost alternative for at-risk youth when compared to private, residential programs or state youth correctional facilities.

MYCP Staff Resources

As stated above, none of the comparative at-risk programs are identical in their programmatic design, nor do they employ the same types of staff positions. For example, Pine Hills and Riverside have

a large number of correctional officers as well as security officers due to the lock-down nature of the facility. Swan Valley Youth Academy is also a locked facility that requires security, but because it is private it can and does limit enrollment. Yellowstone Boys and Girls Ranch employs a number of psychiatrists for those students with psychiatric needs. Job Corp and MYCP have none of the above-mentioned positions. They employ teachers and guidance counselors. In addition, MYCP also utilizes positions similar to drill instructors. Staffing needs vary for each program, depending on the type of at-risk students the program serves.

Federal Governments Sets Staffing Levels

The federal government defines the number of required staff for Challenge programs through use of the Manning Model. The Manning Model is a staff allocation requirement which sets a minimum of 43 and a maximum of 48 staff positions. MYCP employs 47 FTE. The Manning Model details the number of case managers, counselors, teachers, cadre, administrative and managerial staff. The only allowances provided by the Manning Model are three discretionary positions. MYCP currently uses two of these positions.

Student/Teacher Ratio

The common elements present in many programs for at-risk youth are students and teachers. Each previously mentioned program employs teachers to instruct students in academics. A student to teacher ratio was calculated for each program. It is important to note that students receive support from staff other than teachers, but teaching staff is the one constant factor in each program we used for comparative purposes. Below is a table showing the student to teacher ratio for selected at-risk programs. The student to teacher ratio for Montana public schools is included as a baseline comparison.

Table 4

Student/Teacher Ratio for Selected Programs for At-Risk Youth

Institution	Student/Teacher Ratio
Riverside Correctional Facility	5:1
Yellowstone Boys and Girls Ranch	7:1
Pine Hills Correctional Facility	9:1
Montana Job Corp	12:1
Swan Valley Youth Academy	13:1
Montana Public Schools	14:1
Montana Youth Challenge Program	27:1

Source: Compiled by the Legislative Audit Division from Department of Military Affairs, Corrections, Office of Public instruction, and other record sources.

As the chart above illustrates, the MYCP student/teacher ratio is the highest of the comparable programs we examined, but federal guidelines do not provide the latitude to make adjustments in the number of teachers employed. The federal Manning Model stipulates the total number of full-time employees as well as the number of employee positions MYCP can employ. The only latitude available to the program regarding FTE is the three discretionary positions allowed under the model.

Conclusion:
MYCP staffing resources are established at a level conforming with guidelines set by the federal government.

Educational Program

U.S. Code specifies the Youth Challenge program will teach eight core educational components and that every graduate will attain 80 percent proficiency in each area. The eight core components are:

- Academics (GED attainment)
- Leadership Development

- Promoting Fellowship
- Service to the Community
- Life Coping Skills
- Job Skills
- Physical Fitness
- Health and Hygiene.

MYCP uses the term "trained" to signify a student is 80 percent proficient in an area. In order for a student to be considered "trained", the student must show improvement during the residential phase. Due to the subjective nature of the trained/not-trained standard, we chose to look at the educational components which contained quantifiable data: academic achievement and service to the community. To fulfill academic requirements, students attend classes five days a week, five periods a day. This equates to 250 minutes a week per subject area. The program employs five state-certified teachers. Four teachers teach in a given subject area, and the lead teacher serves as a principal. The four main subjects taught each day are: English, math, social studies, and science. Academic courses are taught four days a week. One day a week class instruction integrates life skills, leadership, and health education into the daily lessons. Youth Challenge programs are afforded the latitude to develop and implement curricula in a manner that meets the needs of the program.

Curriculum

MYCP works in conjunction with Jobs for Montana Graduates (JMG) to develop curriculum. JMG is affiliated with Jobs for America's Graduates which is a federal school-to-work curriculum model used in the public schools. The programs have partnered to adapt the JMG curriculum to meet the federal requirements of teaching the eight core components. This partnership is beneficial to MYCP because they are afforded curricula resources they would not otherwise receive. This partnership provides the opportunity for students to take part in leadership organizations exclusive to JMG

and the program utilizes curriculum developed and used in public schools as a school-to-work transition model.

Accreditation

The educational component of MYCP is not accredited through the State of Montana or any other educational accrediting entity. Federal requirements do not require accreditation and the Montana Legislature has yet to enact laws to provide specific direction for the program. This is discussed further in Chapter V. If MYCP were to become state accredited, it would have to meet the following criteria established by the Board of Public Education:

- Align its program to state content and performance standards.
- Employ and appropriately assign certified staff.
- Supply adequate school programs and resources.
- Maintain facilities meeting appropriate standards.
- Ensure school trustees, staff, parents, and community work together to provide a quality education.

Challenge programs in Oregon, Michigan and Alaska are accredited, the remaining 21 programs are not. Accreditation of these programs provides cadets with the opportunity to receive a high school diploma upon graduation, or transfer the academic credits earned through the program back to their hometown high school. Other programs for at-risk youth in Montana provide an accredited educational component. Each of the programs we looked at is accredited either through the State of Montana or the Northwest Association of Schools and Colleges (Pine Hills and Riverside correctional facilities, Yellowstone Boys and Girls Ranch, Montana Job Corps, and Swan Valley Youth Academy). Although MYCP is not accredited, individual high school districts can choose to accept credits from Challenge cadets.

GED Test Scores

Students are allowed to take the GED twice during the residential phase of the program. MYCP's goal is to achieve better than a 68 percent GED success rate. They achieve this goal with a current GED success rate of 71 percent of enrolled cadets and 97 percent of graduated cadets. These numbers illustrate a high GED achievement

rate for those students who finish the program, especially when compared to Challenge programs around the nation which average a 60 percent pass rate.

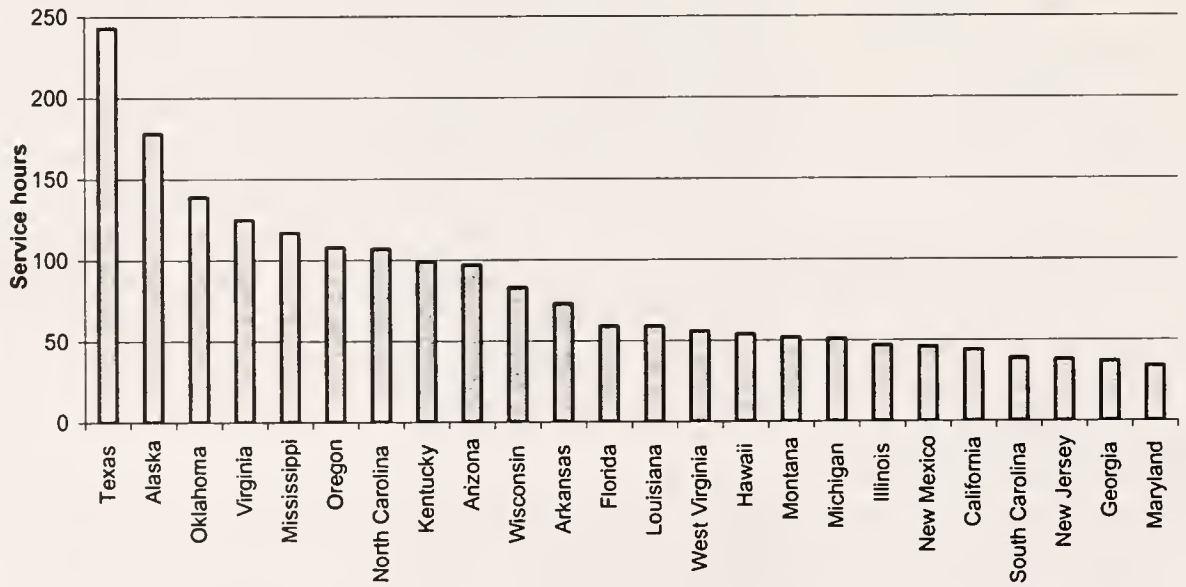
The state of Montana's average GED pass rate for the general population is 81 percent. This is higher than MYCP's goal, but the state of Montana's pass rate includes all individuals who take the GED (not just the at-risk youth population).

Service to the Community

Service to the community is one of the eight core educational components outlined in federal law. MYCP requires each participant perform at least 40 hours of service. The program meets its stated goal but falls short of the national average in the area of service to the community. The following table illustrates service hours per cadet among Challenge programs nationwide.

Figure 3

Service to the Community - Hours per Cadet
Classes 6-10 (2002-2003)



Source: Compiled by the Legislative Audit Division from National Guard Bureau records.

The average per cadet throughout the program's eleven classes is 44.29 hours. The national average for Challenge programs is 77 hours of community service per cadet.

TABE Test Scores

One of the goals of MYCP is that each youth will increase their grade level status as measured by the Test of Adult Basic Education (TABE). When looking at TABE scores overall, (classes 1-11) the program meets it goal with the average grade level improvement being 1.5 and 1.9 in math and reading areas respectively. But when each student's TABE score is examined individually, the data shows that every student does not demonstrate growth in his or her math and reading level. Twelve percent of the students' TABE scores dropped in the subject of reading during the course of the residential program and one percent of students' math TABE scores dropped during the same timeframe. An increase in every cadet's TABE score is a commendable goal, however, it may not be practical when considering cadets only have one opportunity to demonstrate their increased abilities.

Educational Components Reflect Federal Requirements

The program teaches the educational components as defined in federal law. In most areas, with the exception of TABE scores, MYCP either meets or exceeds the educational targets established by itself and the NGB.

Conclusion:
MYCP meets the majority of educational goals established in cooperative agreements with the federal government.

Effectiveness of Program Elements

Two of the three program elements we evaluated (funding and staffing) are largely directed by federal requirements. MYCP does not have latitude to make programmatic changes or decisions regarding the amount of staff or funds. The NGB prescribes the number of staff Challenge programs employ as well as the amount of money the program receives annually. The third element, education, is afforded more latitude within each state Challenge program. Although there are federal regulations regarding the instruction of

eight core components, MYCP can administer the curriculum in a manner that best meets its needs. Overall, it appears MYCP has implemented an effective education program within the guidelines established by the federal government.

Chapter III - Recruitment

Introduction

Montana Youth Challenge Program (MYCP) is a voluntary program and staff must actively recruit participants from a targeted population. Our audit objective in relation to recruitment was to determine if the program's procedures ensure the state's at-risk youth population is adequately represented in the intake of Challenge cadets. To address this objective, we reviewed program documentation and discussed recruitment procedures with staff, reviewed a random sample of applicant files to ensure eligibility requirements were applied correctly, and analyzed recruitment data for comparison with statistics for the state's at-risk youth population. Findings, conclusions and recommendation relating to these methodologies are outlined in the following sections.

Recruitment and Selection Procedures

Every six months, MYCP must identify a sufficient number of recruits to meet the class capacity of the Dillon facilities (100 cadets). The program maintains a year-round recruitment effort and uses two FTE positions to fulfill administrative and other tasks associated with recruitment. Program recruitment staff are responsible for developing application and promotional materials, statewide marketing campaigns, handling questions and referrals for interested applicants, and reviewing completed application forms. Recruitment staff are also responsible for maintaining contacts with other people and groups involved with at-risk youth, including high school guidance counselors, juvenile probation officers and law enforcement officers.

Description of Recruitment Process

The MYCP recruitment process involves several different levels of review before an applicant is accepted by the program:

- **Application Review** – Program staff review application forms and other documents for completeness and for eligibility information. If necessary, staff will follow-up with applicants, their families, school officials, or law enforcement/justice system to obtain detailed information. Staff make an initial determination of program eligibility based on the available information.

- **Board Review** - An independent board reviews applications and the staff recommendations on program participation. Board members are drawn, primarily, from around Dillon and the board often includes a member with a law enforcement background. Board members have an opportunity to question staff regarding decisions and request further information be obtained before an applicant is accepted. The board makes the decision to accept or reject applicants.

- **Pre-Challenge** – Successful applicants attend a two-week Pre-Challenge phase to determine suitability for the 5-month residential portion of the program. During Pre-Challenge, participants are screened for drug use and cadets failing the mandatory drug tests are rejected. Participants are also assessed for program suitability based on their attitude, behavioral and emotional condition, and educational attainment levels. Decisions regarding a participant's suitability for the program are made by staff members.

Participation in MYCP is both voluntary and selective. During Pre-Challenge, applicants must be able to demonstrate a willingness to succeed in the residential phase and beyond.

MYCP Recruitment Procedures Reflect Prescribed Standards

At the national level, all state programs follow similar procedures during recruitment, including the enforcement of standard eligibility requirements and use of Pre-Challenge to screen and select applicants. Program recruitment procedures are outlined in attachments to the annual state plan submitted to the federal government. Approval of Montana's state plan indicates MYCP recruitment procedures meet the prescribed standards established for the Challenge program.

Conclusion:
MYCP recruitment and selection procedures reflect standards established for the Challenge program at the national level.

Compliance with Program Eligibility Requirements

To establish program eligibility requirements, we reviewed federal law and instructions from the NGB outlining the eligibility criteria for the Challenge program. Using this information, we identified the

following eligibility requirements all applicants must meet prior to admittance to the program.

Table 5

Challenge Program Eligibility Requirements

Eligibility Category	Definition
Age	Aged 16-18 at date of program entry
Unemployed/Underemployed	Not in regular, full-time employment
High School Drop Out	Dropped out or intends to drop out from high school
State Residency	Parent/guardian resident of Montana
Citizenship	Citizen or legal resident of United States
Voluntary	Entering program on a voluntary basis
Probation/Parole	Not currently on probation or parole
Court Action	No court action pending
Felony Conviction	No previous felony convictions
Drug Free	Consent to be and remain drug-free during program

Source: Compiled by the Legislative Audit Division from department records.

As shown, applicants must meet ten eligibility requirements to be accepted to the program. Program staff review information in the application form to establish eligibility.

Applicant File Review

To determine if MYCP is correctly applying program eligibility requirements, we reviewed application files and other documentation for a statistical sample of 77 randomly selected applicants. Of the ten eligibility requirements noted above, we omitted testing for unemployed/underemployed and voluntary status of applicants. This was done because of the difficulties in defining underemployed and voluntary status for eligibility purposes. For all the other eligibility requirements, we compared information and documentation in the files to determine if the applicant met the established criteria.

Problems Exist Enforcing Eligibility Requirements

Although MYCP generally ensures applicants meet established eligibility requirements, our file review identified examples where definitively establishing compliance with requirements was difficult. Specifically, we identified examples of applicants who did not appear to meet age requirements or whose criminal conviction history was unclear:

- Age Restrictions – we documented two examples of a 15-year old and a 19-year old being admitted to the program. Program staff indicated this could have happened in earlier classes, but new procedures effectively prevent these occurrences now.

- Felony Convictions – we documented three applicants who attested to previous felony convictions. In one case, the individual was serving a sentence in a youth detention facility at the time the application was submitted to the program. Discussions with program staff indicated establishing the status of juvenile felony convictions can be difficult, especially if courts choose to expunge records for juvenile offenders. For the individuals identified, there was insufficient documentation in the files to show a resolution of eligibility concerns relating to previous felony convictions.

MYCP Should Improve Documentation of Eligibility Review

Based on our review of MYCP applicant files, we determined the program ensures the majority of participants meet all the federal eligibility requirements. However, there were some areas where improvements could be made. In several examples, file documentation did not provide assurance that program staff had adequately resolved concerns over eligibility. Although program staff may have made additional enquiries to resolve eligibility concerns, these were not always documented in the file. The program uses an eligibility checklist form as a control for both the internal and independent review process, but our review showed this control is not always used properly (copies of the checklist were not always included in files). The program could improve the documentation of eligibility decisions by ensuring both internal and independent review copies of the checklist are included in applicant files, and retaining any documents or attachments used in support of an eligibility decision. This would provide sufficient assurance that program staff and members of the independent review board made

attempts to adequately resolve eligibility concerns prior to admitting applicants.

Recommendation #1

We recommend the department improve documentation standards for the eligibility review process by retaining eligibility checklists and ensuring attachments adequately document resolution of eligibility issues.

Representation of Montana's At-Risk Youth

MYCP targets its recruitment efforts at the state's high school drop outs. This group is defined as being at-risk due to the high correlation between dropping out and future problems in life, including poor employment prospects. The state's population of at-risk youth consists, primarily, of those high school students under 18-years old who drop out. To determine how well MYCP targets this population, we obtained data from the program showing the demographic characteristics of recruits and compared this with data from the Office of Public Instruction (OPI) showing the characteristics of the state's at-risk population of high school drop outs. We also compared the demographic characteristics of MYCP recruits with NGB data for Challenge programs in other states. The following sections present information on the socio-economic characteristics of program recruits and discuss comparisons between MYCP recruits, the state's overall at-risk youth population and Challenge programs in other states.

Socio-economic Characteristics of MYCP Recruits

The following table presents information on the socio-economic characteristics of MYCP participants. Data was sourced either from the DMARS database or directly from applicant files reviewed during the audit.

Table 6

Selected Socio-Economic Characteristics of MYCP Applicants

Socio-Economic characteristic	Percentage of MYCP Applicants
School Attendance Record	
Currently Attending School	**5 %**
Dropping Out to Join MYCP	**13 %**
Dropped Out Within Past Year	**52 %**
Not Attended School for More Than 1 Year	**13 %**
Unknown	**17 %**
Criminal History	
Criminal Record	**60 %**
Behavioral Issues	
Previous Suicide Attempts or Behaviors	**16 %**
History of Alcohol Use	**73 %**
History of Illegal Drug Use	**61 %**
Testing Positive for Drugs at Pre-Challenge	**16 %**
Annual Family Income	
Less Than $15,000	**72 %**
$15,000 - $25,000	**13 %**
$25,000 - $35,000	**4 %**
$35,000 - $45,000	**3 %**
More Than $45,000	**8 %**

Note – Except for annual family income, the above statistics are based on the results of review of individual files for a randomly selected sample of the population. Percentages within categories may not equal 100 percent.

Source: Compiled by the Legislative Audit Division from department records.

The data presents a picture of a high-risk group of young people. For MYCP participants, high school attendance is infrequent; the majority have previous criminal records; behavioral issues can include suicide attempts, and alcohol or drug use; and 16 percent of program participants test positive for illegal drugs at the time they begin the program. Nearly three quarters of MYCP participants come from households where annual income is less than $15,000.

Gender of MYCP Recruits

The next table shows data on the gender representation and compares MYCP participants with OPI drop out data and NGB aggregate data for the national Challenge program.

Table 7

Gender Representation for MYCP and Comparative Populations

Gender	State Drop Outs (OPI)	MYCP Participants	National Challenge Program (NGB)
Male	55 %	75 %	81 %
Female	45 %	25 %	19 %

Source: Compiled by the Legislative Audit Division from department records.

The most obvious disparity displayed in this data is the difference between the proportion of females recruited for MYCP and the state drop out and national Challenge program populations. Females constitute 45 percent of all Montana high school dropouts, but only 25 percent of MYCP participants. According to the Department of Defense, participation in the armed services has historically been dominated by males and it should be expected that the recruitment trends observed at the national level will be replicated in individual state programs. The military-style environment at the program serves to attract more males than females. However, as the national data shows, Montana's program does reasonably well in recruitment of females when compared with other state Challenge programs.

Racial Ethnicity of MYCP Recruits

The next table shows data on the representation of different ethnic groups and compares MYCP participants with OPI drop out data.

Table 8

Racial Ethnicity Representation for MYCP and Comparative Population

Racial Ethnicity	MYCP Participants	State Drop Outs (OPI)
American Indian	25 %	22 %
Black	1 %	1 %
Hispanic	3 %	3 %
Multiracial	1 %	-
White	70 %	74 %

Source: Compiled by the Legislative Audit Division from department and Office of Public Instruction.

Overall, there do not appear to be any significant problems in the representation of different ethnic groups in MYCP recruitment data. For the state's largest ethnic minority, American Indians, the program appears to be recruiting numbers reflecting this groups' reported high school drop out rate.

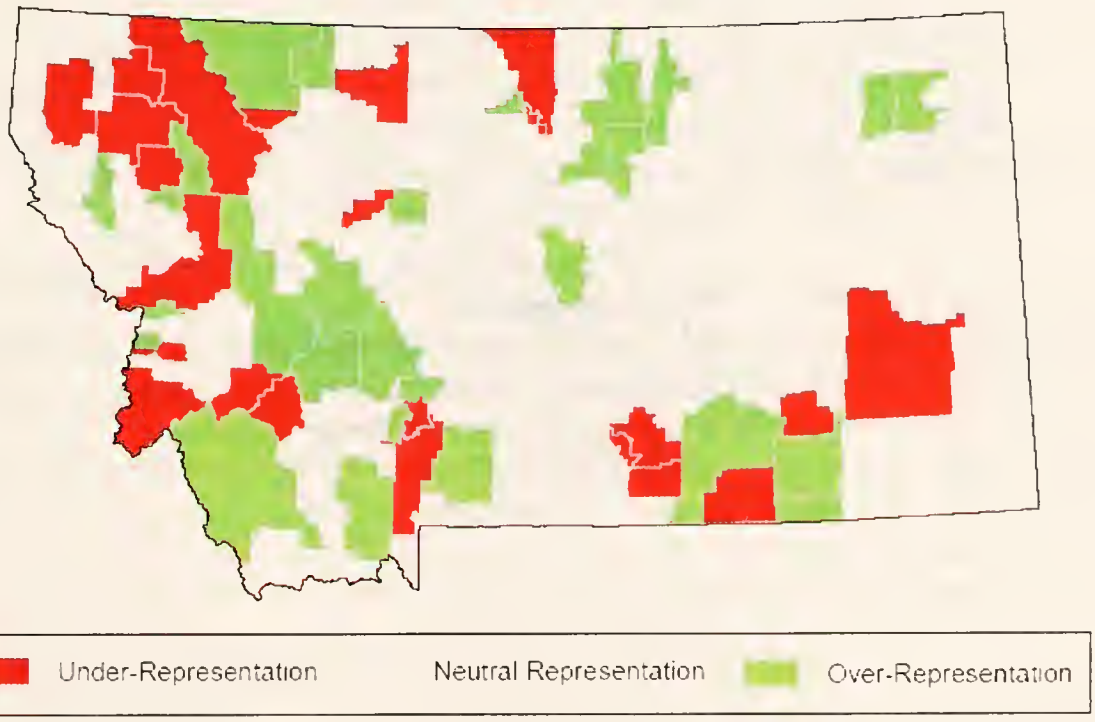
Analysis of High School District Drop Out Data

As an additional methodology, we compared the geographic locations of MYCP applicants with OPI drop out data for individual high school districts to determine if the program's recruitment efforts could be improved. Around 2,000 students drop out of Montana's high schools every year, but analysis of the data shows drop out rates are higher in some high school districts compared with others. MYCP does not currently use analysis of high school district drop out data to determine recruitment needs. The program could improve its recruitment effort by targeting resources based on high school district drop out rates.

We used data from the DMARS system to identify geographic locations for all MYCP applicants since program inception. Using Geographic Information Systems (GIS) software, these locations were combined with the boundaries of Montana's high school districts to show the number of MYCP applications originating in each high school district. MYCP participation rates (as a percentage of all applicants) for each high school district were compared with the district's drop out rate (as a percentage of all state drop outs) to show disparities i.e. districts where the program either under or over-represented the drop out population. It should be noted that, overall, the program's recruitment efforts are targeted appropriately and the disparities we identified did not tend to exceed plus or minus five percent. The following figure illustrates the extent of under or over-representation for each high school district.

Figure 4

Variance in Program Representation by High School District



Source: Compiled by the Legislative Audit Division from department records and Office of Public Instruction data.

Disparities Exist in Geographic Distribution of MYCP Applicants

As shown in the map, some disparities do exist in the geographic distribution of program applicants based on high school district drop out rates. In particular, two noticeable trends were evident in the data:

- **Urban areas** – MYCP has been successful recruiting in some urban areas (particularly Helena and Great Falls). However, for other urbanized areas of the state (Billings, Bozeman, Butte, Missoula and Kalispell/Flathead Valley), program recruitment rates are less than the districts' drop out rate.

- **Reservations** – the Blackfeet, Fort Belknap, Fort Peck and Northern Cheyenne Indian Reservations are well represented in program recruitment. However, for the Crow, Rocky Boy's, and Flathead Indian Reservations, the recruitment picture is more mixed and certain high school districts show an under-representation in program applicants.

Improvements in Analysis of Recruitment Data Needed

Discussions with program staff indicated MYCP does not currently analyze recruitment data based on drop out rates for high school districts. In general, the program strives to ensure trends in recruitment show a representative distribution of participants across the state. Using OPI or other available data showing drop out rates for high school districts would allow MYCP to target recruitment efforts more effectively and improve its ability to serve all the state's at-risk youth.

Recommendation #2

We recommend the department analyze program recruitment data and target recruitment resources based on student drop out rates for individual high school districts.

Chapter IV - Outcomes

Introduction

The fundamental purpose of MYCP is to make a positive impact by developing abilities and skills of the participating youth so they may become productive citizens. As shown in previous chapters, the program has mechanisms for measuring the success (particularly the educational success) of participants during the residential phase of the program. MYCP and the national Challenge program also attempt to measure success in the post-residential phase. The program emphasizes continuing involvement with graduates through mentoring relationships. The post-residential mentor program offers an opportunity to ensure graduates are monitored and supported as they continue with their lives, but it also offers an opportunity to gather information on the program's outcomes.

This chapter discusses short, medium, and long-term program outcomes and presents various data to show the extent to which MYCP is meeting its defined purpose and objectives. Short-term outcomes relate primarily to the program's success in graduating cadets at the end of the residential phase. Medium-term outcomes are assessed for the post-residential phase and include the employment and educational attainment of program graduates. Analysis of long-term outcomes includes discussion of employment and criminal history data for program participants.

Program Participation and Graduation

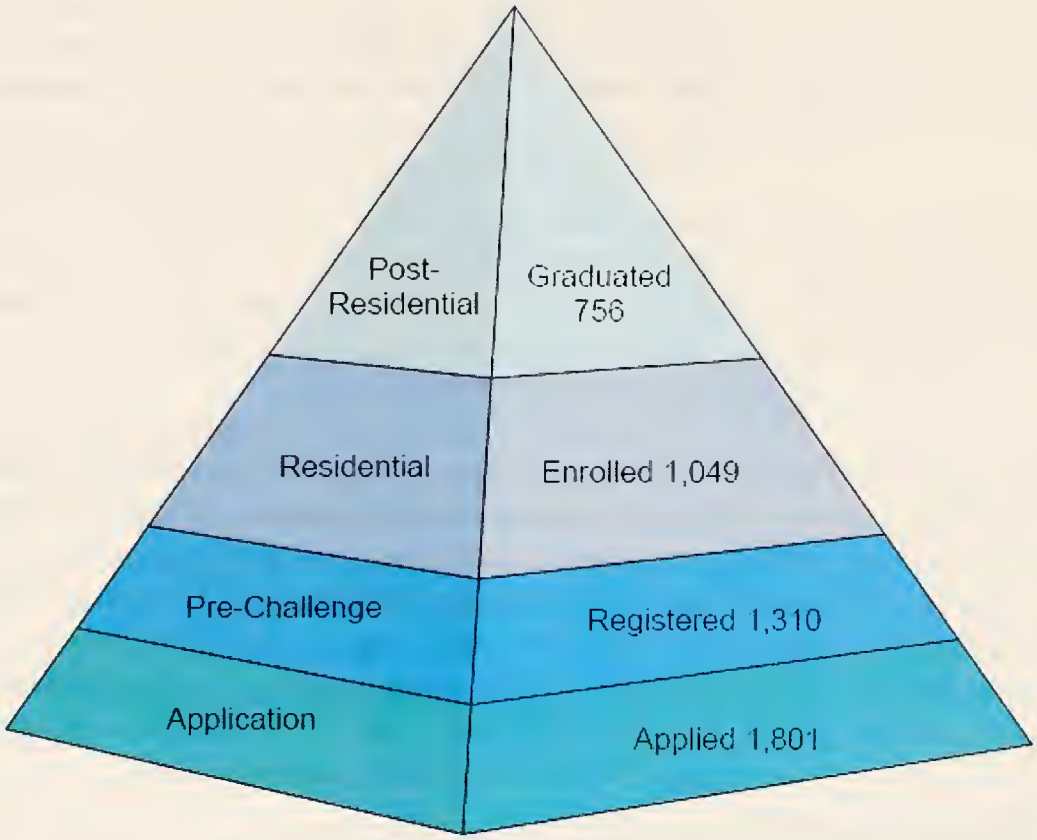
MYCP enforces rules of conduct and discipline, which can result in cadets being dismissed during the residential phase. In combination, these circumstances mean the number of cadets graduating is generally lower than the number originally enrolled. The gradual loss of participants through the residential phase is referred to as the program's attrition rate. On average, MYCP loses 1.4 cadets per week or around 30 for each class. These cadets are either dismissed from the program for infractions of the rules (for example, use of illegal drugs), or they leave voluntarily.

Analysis of MYCP Attrition Rates

The following figure illustrates program attrition, beginning with the initial intake of applicants and going through Pre-Challenge, enrollment in the residential phase and graduation.

Figure 5

Program Attrition by Challenge Participation Level
Classes 1-10 (1999-2004)



Source: Compiled by the Legislative Audit Division from department records.

In percentage terms, 73 percent of applicants to the program are registered for Pre-Challenge (the remaining 27 percent are either rejected or do not show up at Fort Harrison). Eighty percent of participants in Pre-Challenge are selected to continue in the residential phase of the program (during Pre-Challenge, some participants will leave voluntarily and some will be dismissed). For those enrolled in the residential phase of the program, around 72 percent will complete the five month course and graduate from MYCP.

Comparing MYCP Attrition Rates with Other States

MYCP has established the goal of achieving a 90 percent graduation rate for enrolled participants. Working towards this goal would put Montana's program closer to parity with the national average for program graduation. The following table shows the graduation rates (percentages) for all states with Challenge programs and the national average.

Table 9

Graduation Rates for Challenge Programs in Other States

State Challenge Program	Percentage of Enrolled Cadets Graduating
Mississippi	86 %
California	85 %
Oregon	85 %
Maryland	83 %
Hawaii	82 %
New Mexico	82 %
Oklahoma	81 %
New Jersey	81 %
Florida	81 %
Georgia	81 %
West Virginia	80 %
Arizona	79 %
National Average	**79 %**
Wisconsin	79 %
Arkansas	78 %
Texas	77%
Louisiana	77 %
South Carolina	77 %
Illinois	77 %
North Carolina	77 %
Virginia	76 %
Michigan	75 %
Alaska	74 %
Montana	73 %
Kentucky	67 %

Note – graduation rates are based on the most recent two full years of program participant data submitted by states to the NGB.

Source: Compiled by the Legislative Audit Division from NGB records.

The data shows Montana's graduation rate is second lowest among state Challenge Programs. However, it should be noted that

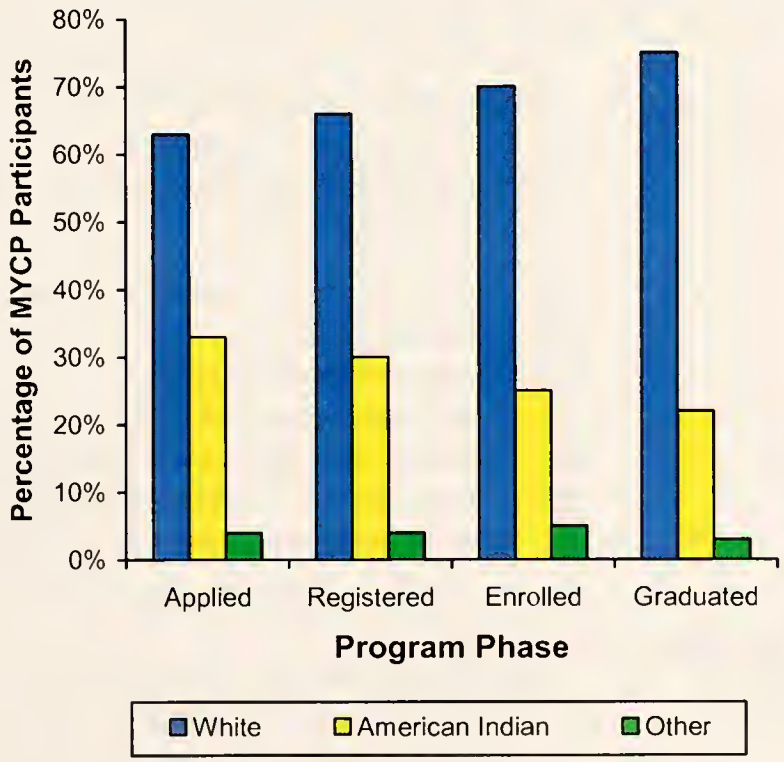
Montana's graduation rate is only six percentage points less than the national average. Simply graduating cadets from the program is not in itself a reliable measure of success. Disparities between state graduation rates could be explained by differences in initial intake populations or standards for enforcement of rules of conduct during the residential phase.

American Indian Attrition Rates

Analysis of the racial ethnicity of program participants at different stages of Challenge showed one significant trend in attrition rates. As the program progresses through different phases, American Indian cadets are more likely to leave or be dismissed from MYCP as compared with other ethnic groups. This trend is illustrated in the following figure.

Figure 6

Participation Rates for Ethnic Groups by Program Phase



Source: Compiled by the Legislative Audit Division from department records.

Although 33 percent of program applicants are American Indians, this ethnic group constitutes only 22 percent of the graduating class. The proportion of American Indians graduating from MYCP is still comparable with the high school drop out rate for this group, but there does not appear to be a clear explanation for the decline in participation through program phases. Program staff speculate higher attrition rates for American Indians could be related to the relatively large distances between MYCP facilities in Dillon and many of the state's Indian Reservations, or cultural factors which could impact the program's ability to retain American Indian recruits.

MYCP Should Investigate American Indian Attrition Rates

Montana's American Indian community constitutes a significant proportion of the state's high school drop out population. Serving this population effectively should be considered an integral part of the mission of programs for at-risk youth such as MYCP. Currently, the program has no data explaining the disparities between attrition rates for American Indians and other ethnic groups. Obtaining and analyzing data relating to American Indian participants could identify areas for improvement and allow the program to successfully serve more members of this group. Increasing the number of American Indian graduates would also allow MYCP to increase its graduation rate.

Recommendation #3

We recommend the department:

A. Collect and analyze data relating to American Indian participation in the Montana Youth Challenge program.

B. Where necessary, pursue programmatic changes to decrease attrition rates for American Indian cadets.

Post-Residential and Mentoring Phase

Challenge programs are required by federal law to institute a post-residential phase that consists of a 12-month mentor/student relationship. The post-residential phase also serves to provide data and monitor progress for program graduates. The post-residential period begins upon a student's graduation. During the 12-month

post-residential phase, the graduate transitions back into the community from the structured residential portion. This is accomplished with the guidance of a mentor. Mentors are chosen by the student and approved by MYCP. The mentor's role is to foster productive citizenship and guide the student with implementation of the Post-Residential Action Plan (P-RAP), which the student formulates during the residential period. A P-RAP includes plans for obtaining employment, joining the military or obtaining some type of educational training. Mentors are required to attend a training session on mentoring. Policies also require them to:

- Produce 2 references
- Live within 30 miles of the cadet
- Be of the same gender as the cadet
- Not be a family member to the cadet
- Satisfy a background check
- Maintain contact for 12 months after the cadet graduates from MYCP with a minimum of 4 contacts a month.

All of the above requirements have been established through guidance of the National Guard Bureau's Mentoring Operational Manual and implemented by MYCP.

Table 10

Compliance With Mentor Program Requirements

Mentor Requirement	File Review Observations
Same Gender	100%
Non-Family Member	100%
Lives Within 30 Miles	87%
Background Check on File	86%
2 References on File	87%
Median Number of Contacts per Mentor	24 contacts
Median Length of Mentor Relationship	12 months

Source: Compiled by the Legislative Audit Division from department records.

Improvements Needed in Documentation of Mentor Screening Requirements

As seen in the prior table, a majority of files sampled complied with established requirements. However, MYCP does not consistently follow mentor standards as outlined in the National Guard Bureau (NGB) Mentoring Operations Manual. The Mentoring Operations Manual addresses the importance of background checks and references in the screening process of potential mentors. The majority of files sampled contained documentation that a background check and references were used in the screening process. However, 13 percent of files did not have this documentation.

Discussions with staff and our observations indicate that background checks and references are conducted on all potential mentors. The Mentoring Operations Manual speaks about "establishing and maintaining a case file for each mentoring relationship, which includes all required screening and matching documentation as well as monthly case notes". Contrary to this standard, all background checks are kept separate from the case file. The record keeping of mentor background checks is not systematic and files are difficult to

find. It is possible the lack of screening evidence is due to inconsistent documentation, rather than a lack of actual screening.

Recommendation #4

We recommend the department document evidence of background checks for all potential mentors in the Montana Youth Challenge Program.

Mentor Reporting

Mentors are required to make four contacts a month with their cadet, for a total of 48 contacts in a 12-month period. The mentor/cadet contact is documented through monthly mentor reports. Each mentor is to send, e-mail, or call in monthly reports on his or her cadet. These monthly reports are used for reporting data to the NGB. The reports consist of contact information and cadet placement information as well as any additional concerns the mentor may have about the cadet. Our file review showed half, (24) of the required contacts are being made, and the median length of cadet/mentor relationships was 12 months.

The mentoring component is voluntary, and to encourage the unselfish nature of the component, it is important it remain that way. Many mentors and graduates develop differences, and sometimes the graduate simply abandons the relationship. In the absence of a mentor's monthly report, case managers call mentors, the cadet, and anyone who may know the whereabouts of the cadet in an effort to locate the cadet and provide placement data for the NGB. When reviewing files, we noted pages of case notes showing the program's efforts to locate and document a cadet's status. Contact and reporting is a perpetual concern among Challenge programs nationwide. Various other state programs note problems with mentor reporting and retention. MYCP staff are aware of this issue and are continually trying to strengthen the current mentor reporting system.

Conclusion:
MYCP manages the post-residential phase effectively within the limitations imposed by the voluntary nature of the mentoring program.

Post-Residential Outcomes

The federal government requires state Challenge programs report outcome data to show the activities of Challenge cadets after they graduate from the program. Programs maintain contact with graduates through mentors, as well as direct contacts, and use these reports to establish if graduates are 'placed' or 'not placed'. Challenge defines a positive program outcome as placing a graduate, either in an educational program, full or part-time employment, working for a voluntary or charitable organization, or serving in the military.

MYCP Placement Data

MYCP collects more detailed placement data than the federal government requires to show the specific activities of graduates after they leave the program. In order to provide information on the post-residential success of MYCP graduates, we reviewed program data and other records to determine how many graduates went into employment, education, or the military after completing the program. We also tried to establish how many graduates the program lost contact with or were not placed within a specific category of activity. Three sources of data were used in this analysis:

- LAD File Review – information on post-residential placement was recorded during review of mentor program files (discussed in the previous section).
- DMARS Data Query – analysis of raw placement data from the DMARS system.
- Program Data – review of data sourced from program staff.

The following table presents post-residential placement data from these three sources.

Table 11

Post-Residential Placement Data for MYCP Graduates
Classes 1 – 10 (1999-2004)

Placement Activity	LAD File Review	DMARS Analysis *	Program Data
Education	8 %	13 %	13 %
Employment	28 %	44 %	41 %
Military Service	28 %	24 %	23 %
Seeking Employment	7 %	-	11 %
Miscellaneous / No Placement	12 %	19 %	-
Unknown	17 %	3 %	12 %

* DMARS analysis contains some duplicate records and does not equal 100 percent.

Source: Compiled by the Legislative Audit Division from department records.

Some problems were encountered in trying to calculate definitive values for the proportions of MYCP graduates in different placement categories. Depending on the method of analysis and source data used, we observed variations of between five and ten percent for some of the placement categories. However, some overall trends are evident in MYCP post-residential placement:

- Military Service – around one quarter of MYCP graduates go on to serve in the military. Although Challenge is not administered as a military recruitment program, participants are given opportunities to learn about military service during the residential phase. The relatively high level of military recruitment reflects trends in the national Challenge program.

- Education and Employment – Approximately one half of all MYCP graduates continue their education or enter the workforce after leaving the program. Data collected by program staff shows around three quarters of employed graduates are employed on a full-time basis.

- No Placement or Unknown – the remaining one quarter of graduates have either not been placed or the program has lost contact with the individuals. It is difficult to determine what proportion of this group have been positively affected by the Challenge experience due to the lack of available data.

Long-Term Outcome Data

As another means of assessing program outcomes, analysis of data from other state agencies can provide independent verification of the long-term impacts from MYCP participation. In particular we obtained data showing quarterly wages and unemployment claims, and criminal conviction histories for MYCP participants.

Quarterly Wage and Unemployment Data

Data showing quarterly wages from employment and the incidence of individuals making claims for unemployment insurance benefits is collected by the Department of Labor and Industry (DOLI). Using data supplied by MYCP, we obtained quarterly wage and unemployment data for approximately 93 percent of program participants graduating between 1999 and 2004 and supplying unique identifying information (date of birth and social security number). In order to determine if program participation had any positive effect on employment potential, we analyzed the data to differentiate between rejected applicants, individuals terminated from the program during the residential phase, and graduates. The results of this analysis are presented in the following table.

Table 12

Quarterly Wage and Unemployment Claim Data for MYCP Participants

	Median Quarterly Wage *	Percentage With Unemployment Insurance Claims	Percentage Reporting Employment Data
Rejected	$396	3 %	32 %
Terminated	$302	5 %	32 %
Graduated	$617	6 %	36 %

* Median quarterly wages are based on the average wages over four consecutive quarters for individuals reporting earnings to DOLI.

Source: Compiled by the Legislative Audit Division from Department of Military Affairs and Department of Labor and Industry records.

DOLI employment data should be treated with care for MYCP participants. The data does not reflect employment outside of Montana (including graduates serving in the military). It should also be noted that because many MYCP participants are relatively young or continuing in education, the data for median quarterly wages may be lower than would otherwise be reported. However, there is a clear trend pointing to the success of the program in increasing the employment and earnings potential of graduates. On average, MYCP graduates earn around $220 more per quarter when compared with applicants rejected by the program, and almost twice as much as individuals who do not complete the residential phase. MYCP graduates are more likely to claim unemployment insurance benefits, but this could be related to the fact that graduates are more likely to be employed regularly.

Criminal Conviction History

As a final methodology in analyzing the long-term outcomes, we analyzed data showing the criminal conviction histories for MYCP participants. The Department of Justice (DOJ) collects information

on all criminal convictions recorded in Montana. We used DOJ data to obtain criminal conviction records for MYCP participants between 1999 and 2004 and determine if the program was successful in keeping at-risk youth out of the justice system. We also obtained data from the Montana Board of Crime Control showing juvenile criminal convictions for the state's general youth population. The following table shows the result of this analysis.

Table 13

Criminal Conviction Rates for MYCP Applicants

	Misdemeanor Conviction Rate	Felony Conviction Rate
Rejected	21 %	6 %
Terminated	15 %	4 %
Graduated	8 %	3 %
Montana Youth General Population *	9 %	1 %

* Data shows conviction rates for 16 and 17 year olds recorded in calendar year 2003.

Source: Compiled by the Legislative Audit Division from Department of Military Affairs, Department of Justice Records, and Montana Board of Crime Control.

Eight percent of MYCP graduates have committed misdemeanor offenses and three percent have committed felony offenses since they left the program. When compared with rejected applicants and cadets terminated during the residential phase, MYCP graduates are less likely to commit crimes. Rejected applicants have a misdemeanor conviction rate of twenty-one percent and a felony conviction rate of six percent. MYCP participants who do not graduate from the program have a misdemeanor conviction rate of fifteen percent and a felony conviction rate of four percent. When compared with the general population, MYCP graduates are slightly

less likely to be convicted of misdemeanor offenses and slightly more likely to be convicted of felonies.

Conclusion:
MYCP graduates have improved employment prospects and fewer criminal convictions compared with program participants who do not graduate.

MYCP Could Improve Outcome Data Collection and Analysis

Although MYCP can point to positive outcomes for program graduates, the program does not work for everybody. In particular, around one quarter of program graduates are unaccounted for at the end of the post-residential phase. Programs like Challenge will encounter problems in collecting valid data on long-term outcomes and measures of success because contact with cadets cannot always be maintained beyond 12 months. This is often most difficult for negative outcomes, including unemployment and criminality.

For MYCP, these problems have been compounded by limitations in the reporting requirements established by the NGB. The national Challenge program only requires reporting of the proportions of graduates 'placed' or 'not placed' following the post-residential phase. While this may provide a broad measure of program performance, the lack of detail frustrates attempts to evaluate operations based on specific and reliable data. However, shortcomings in federal reporting requirements should not prevent the program from independently pursuing enhancements in outcome reporting. Program staff have indicated there are already some attempts underway to obtain data on long-term outcomes for graduates. These efforts should be continued so the program can provide the department and the legislature with valid and reliable indicators of program outcomes.

Recommendation #5
We recommend the department continue to pursue improvements in collection and reporting of long-term outcome data for the Montana Youth Challenge Program.

Chapter V - Legislative Guidance For MYCP

Introduction

Administration of Youth Challenge is similar to many other programs originally conceived at the federal level, but implemented and managed by the states. Funding for Challenge programs is provided by both state and federal governments, but statutory guidance exists, primarily, at the federal level. The balance between state and federal authority for jointly-funded programs such as Challenge is a subject of interest in several different public policy areas. This chapter discusses the state's public policy role in relation to MYCP.

No Statutory Guidance Exists for MYCP

MYCP currently has no basis in Montana statute, aside from its inclusion in the Department of Military Affairs biennial budgetary appropriation under House Bill 2. The HB 2 appropriation provides authority for the department to fund and manage the program on an ongoing basis. MYCP is not referenced in the Montana Code Annotated and the department has no statutory authority to adopt administrative rules governing the program.

Program was Established Through Budgetary Appropriation

Montana's Challenge program was originally established during the 1999 legislative session through the appropriations process. This provided a relatively expedited means for authorizing the program and beginning the process of recruiting the first class. However, as administration of the program has continued, the legislature has not taken further action outside of the appropriations process. The appropriations process, and particularly the use of House Bill 2, may not always provide the best means of permanently establishing public policy in relation to the Challenge program.

Similar Programs have Basis in State Statute

Where federal programs are designed to be administered by states, statute is generally constructed with enough latitude to allow 50 states to successfully adapt program guidelines to local circumstances. Not every government program needs to be authorized through state statute, but where state expenditures are significant, legislatures have generally provided statutory guidance to define state-specific public policy priorities. An example from Montana is the Children's Health Insurance Program (CHIP), which

is also funded with state matching dollars. CHIP statutes provide additional guidance on program administration, operations and management, eligibility criteria, interaction with other agencies, and rule-making authority.

Challenge programs in some other states receive guidance in state statute. For example, Wisconsin statute authorizes the state's Department of Military Affairs to administer the program, defines recruitment targets for the program, provides rule-making authority, and establishes reporting requirements.

MYCP Could Benefit From Statutory Guidance

During the course of the audit, we identified several different program administrative or operational areas where guidance from the legislature could benefit MYCP. In some cases, a lack of specific guidance from the federal NGB has resulted in the department establishing policies and procedures without the benefit of guidance from the legislature. In other cases, state-specific policy perspectives and priorities are not addressed in any form at the federal level, and the program has no effective means of adapting its operations to these circumstances. Some examples of these situations are outlined in the following sections.

- **Criminal Convictions** – MYCP is required to exclude applicants with previous felony convictions. Program staff lack guidance on how to apply these requirements to individuals attesting to felonies where the conviction record is sealed or expunged. The lack of specific federal guidance increases the importance of the legislature establishing policy.
- **Equitable Representation** – MYCP generally strives to ensure different genders, ethnic groups and geographic locales are represented equitably in program recruitment. However, there is no specific requirement that this occurs. Legislative guidance could establish public policy priorities by setting target recruitment levels for identified variables.
- **High School Drop Outs** – MYCP accepts applicants who are still in school, but intend to drop out to join the program. Limited guidance exists for program staff in terms of defining drop out status or coordinating with schools about these individuals. The extent to which a state-funded program may

provide an alternative to public schools for at-risk youth is a matter of public policy properly decided by the legislature.

- **State Residency** – The 2001 Legislature established a state residency requirement for MYCP by inserting language in HB 2. However, this requirement was not carried forward by the 2003 Legislature. MYCP currently admits applicants from outside of Montana, if one of their parents or their legal guardian is a state resident. Due to the lack of legislative guidance on this issue, it is unclear whether or not the program is pursuing the correct policy in this area.
- **Educational Accreditation** - MYCP is funded with public monies, as are public schools and youth correctional facilities. Both public schools and youth correctional facilities are required by the state of Montana to maintain accreditation standards. The Montana Constitution holds that every student is entitled to a quality education. This is achieved in numerous ways, one being the establishment of state educational standards through school accreditation. Currently, MYCP is not required to maintain accreditation standards. The decision as to whether MYCP should comply with these standards is a matter of public policy to be decided by the legislature.
- **Relationship to Other Programs** – Currently, MYCP cooperates with other state programs for at-risk youth on an ad-hoc basis. Legislative direction in this area could help ensure programs and resources effectively compliment each other and avoid duplication of services. For example, statute currently allows public schools to retain annual number belonging (ANB) funding when enrolled students transfer to the Montana Job Corps program. Schools lose ANB funding when a student drops out to join MYCP and this could act as a disincentive for schools to make referrals to the program. Statutory guidance would allow the legislature an opportunity to systematically assess and prioritize resources for different programs.

Legislature Should Provide Statutory Guidance for MYCP

MYCP has now been operating for over five years. As the program has developed, it has established its position relative to the state's other resources and programs for at-risk youth. The program is now at the point where further legislative involvement could provide clarification of existing policy and specific direction for the future. Establishing MYCP in Montana statute could provide benefits for program operations and could also benefit the state through improved coordination of resources for at-risk youth.

Recommendation #6

We recommend the legislature enact legislation to provide authorization and operational guidance for the Montana Youth Challenge Program.

Appendix A - Audit Approach

Audit Scope

To establish audit scope, we relied on the guidance provided in the performance audit priority narrative reviewed by the Legislative Audit Committee for the 2005 biennium. The audit request addressed specific questions relating to MYCP recruitment practices, coordination between MYCP and other state programs, and program outcomes. Based on this guidance, we established three audit objectives addressing program recruitment, outcomes, and selected administrative components.

Issues specifically excluded from audit scope included operational and management issues resulting from the decision to locate MYCP on the campus of the University of Montana – Western in Dillon.

Unless otherwise stated, audit work covered program operations and data since the start of the first class in September 1999 through class ten, which graduated in 2004.

Audit Methodologies

In response to audit objectives, we developed the methodologies outlined below.

Audit Planning

We reviewed federal laws and instructions relating to the administration of the Youth Challenge program, and obtained other documentation from the Department of Defense National Guard Bureau (NGB). We visited MYCP facilities in Dillon, discussed operational and management issues with program staff and other staff in the Department of Military Affairs, and reviewed internal policies and procedures for the program. We reviewed previous Financial Compliance audit reports for the Department of Military affairs and Legislative Fiscal Division budget analysis and fiscal reports containing information on program funding. We obtained performance audit reports for Challenge programs in other states, and contacted National Conference of State Legislatures research staff to obtain information on policy developments in other states with Challenge programs.

Appendix A - Audit Approach

Program Administration

NGB data on program funding in Montana and other states was reviewed. Federal funding allocations were discussed with federal government and program/department staff. MYCP expenditure data for fiscal year 2003 and fiscal year 2004 were obtained from SABHRS and analyzed. Using expenditure data, an average per student per day cost was established for MYCP on the basis of average daily population. Similar calculations were performed using data sourced from other state programs for at-risk youth.

We discussed MYCP staffing resources with federal government staff, and program and department management. We obtained and reviewed information on the federal Manning Model used to determine staff resource allocation for state Challenge programs. Where applicable, we obtained information on student/staff ratios for MYCP and other state programs for at-risk youth.

We reviewed information on the educational components of the program and discussed education issues with program management and teaching staff. We analyzed data showing the educational outcomes for program participants and obtained information for educational outcomes in other states with Challenge programs.

Recruitment

We reviewed federal laws and other information relating to program recruitment procedures, and discussed the recruitment process with program staff. We selected and reviewed a random, statistical sample of 77 applicant files for individuals participating in the program since 1999. Files were reviewed to establish compliance with program eligibility requirements and to gather data on the demographic characteristics of program participants. We requested program staff perform a database query on the DMARS system for all MYCP applicants and analyzed the data to establish the demographic and other characteristics of the intake population. We also obtained comparative data for the state's population of at-risk youth from the Office of Public Instruction and demographic data for participants in Challenge programs in other states.

Outcomes

We analyzed data for program participation showing attrition and graduation rates for all program participants. Data for attrition and graduation rates for Challenge programs in other states was obtained for comparative purposes. We discussed the management of the post-residential phase with program staff and reviewed a randomly selected, statistical sample of 71 files containing information on the post-residential and mentoring components of the program. We analyzed DMARS data to show post-residential placement data for individuals graduating from MYCP and compared results with published program statistics and NGB data from Challenge programs in other states. We also obtained and analyzed additional outcome data from the Department of Labor and Industry and the Department of Justice showing employment and criminal histories for MYCP participants.

Department Response

Montana National Guard

Montana National Guard Youth Challe*NG*e

710 S Atlantic Box 73, Dillon, MT 59725
1-877-367-6927[1-877-FOR-MYCP] or (406) 683-7556
FAX (406) 683-7545
E-MAIL mtchallenge@umwestern.edu

March 2, 2005

Scott A. Seacat
Legislative Auditor
Legislative Audit Division
Room 135, Sate Capital Building
P.O. Box 201705
Helena, MT 59620-1705

Dear Mr. Seacat:

The purpose of this letter is to provide comments by the Montana Youth ChalleNGe Program (MYCP) concerning the Legislative Audit Division's performance audit of MYCP. We thank Lisa Blanford, Angus Maciver and Bridget Butler for their professionalism and superb evaluation of MYCP. With an implementation plan in place, we hope to enhance the services and support for Montana's At-Risk Youth. The following is our implementation plan for each of the recommendations:

Recommendation #1

We recommend the department improve documentation standards for the eligibility review process By retaining eligibility checklists and ensuring attachments adequately document resolution of eligibility issues.

MYCP response: Concur. We are in the process of developing an eligibility checklist and will have it in place by May 2005. NGB Form 539 (Lead Refinement List) will be used to document all communication to any judicial, law enforcement or juvenile probation authority concerning any applicant wishing to attend the MYCP. This form includes the applicant's name, date, time and a brief synopsis of the conversation. Both forms will be incorporated as a part of the permanent record.

Recommendation #2

We recommend the department analyze program recruitment data and target recruitment resources based on student drop out rates for individual high school districts.

MYCP response: Concur. We appreciate the information the audit division has provided to us and will use these recourses to facilitate recruitment of the larger populated areas. We have also started to acquire our own information, by city, on number of drop outs versus number of applications and along with OPI data be able to focus our recruitment where we can enjoy greater success.

Recommendation #3

We recommend the department:

A. **Collect and analyze data relating to American Indian participation in the Montana Youth ChalleNGe Program.**

B. **Where necessary, pursue programmatic changes to decrease attrition rates for American Indian cadets.**

MYCP response: Concur. We have increased the number of visits the recruiting department will make to the reservations. We have refined our statistics to help us focus on the American Indian population and will share this information with reservation tribal councils, schools, law enforcement and social services. We are working jointly with the Blackfoot, Rocky Boy, Fort Belknap and Fort Peck reservations to establish a committee to assist in the selection of candidates and some type of initial orientation to the Program.

Recommendation #4

We recommend Montana Youth ChalleNGe Program document evidence of back ground checks for all potential mentors.

MYCP response: Concur. We have developed a check list that will be included in each cadet's folder to insure file information is accurate and complete. Critical data will include mentor applications and background checks. This will be double checked by two other staff members to insure they have all information on each mentor and that background checks have been completed and filed. We will also maintain a separate folder with each mentors background check.

Recommendation #5

We recommend the department continue to pursue improvements in collection and reporting of long-term outcome data for the Montana Youth ChalleNGe Program.

MYCP response: Concur. The mentor department has been given the responsibility to continue to gather information on all previous classes for the purpose of validating the Program long-term success. The Program will continue to provide updated information to the Legislature in the Goals and Objective Report.

Recommendation #6

We recommend the Legislature enact legislation to provide authorization and operational guidance for the Montana Youth ChalleNGe Program.

MYCP response: Concur. The Montana Youth ChalleNGe Program is looking forward to working with the Legislature in developing statutory guidance that will enable us to better serve the youth of Montana.

The Montana Youth ChalleNGe Program appreciates the final audit and we look forward to support from the Legislature to provide the necessary resources in order to fully implement the recommendations.

Sincerely,

Reid K. Lund
LTC USA Ret.
Director
Montana Youth ChalleNGe Program